

## **2011 TAX FACTOR INSTRUCTIONS** **FOR RENEWABLE ENERGY** **OVER 2 MEGAWATTS**

### **PURPOSE**

The purpose of this template is to estimate taxable value for property tax purposes for solar and wind farms over 2 megawatts (2 MW). The actual value of any particular wind or solar energy facility will be developed and implemented by the Division of Property Taxation.

Please access and refer to the **2011 Solar and Wind Energy Facility Tax Factor Template** to complete the estimate.

### **INPUT**

- (1) Input the **Net Capacity Factor** for your facility as a percentage.
- (2) Input the **Plant Capacity** for your facility in megawatts (MW).
- (3) Input the **Energy Price** from your purchase power agreement in \$/megawatt hours.  
*(The Energy Price should NOT include any amount attributable to renewable energy credits.)*
- (4) Input the **Decimal Mill Levy** of the Facility Location. You will need to check with the County to obtain the prior year's mill levy for the location of your facility.
- (5) If the purchase power agreement has an escalating energy price, input the **Inflation Assumption**. If there is no escalation of the energy price, leave this cell at zero.
- (6) The total **Cost Threshold (Non-Renewable) \$ per kilowatts (kW)** are developed annually by the Division and will vary with the size of your facility.
- (7) The **Total Capital Cost Threshold in \$** is automatically calculated by the size of your facility. This is the plant capacity (2) multiplied by the (6) Capital Cost Threshold (non-renewable) multiplied by 1,000 (converts MW to kW) equals the total capital cost threshold. This is the non-renewable equivalent which is used in the application to derive the valuation of the property.

## **CALCULATION**

Once the inputs are complete, the information will flow through the template and will populate the cells for both the cost method and the income method. There are several formulas embedded in this part of the template. These formulas are locked so it can not be altered. Once this step is completed, the estimation of the Goal Seek Multiplier or the **Tax Factor** can be calculated.

## **GOAL SEEK**

Goal Seek is an internal function of Excel. It will be used to estimate the Tax Factor. On the template, it is referred to as the Goal Seek Multiplier. Initiating this function is a five step process:

### **Steps:**

1. On the **Tools menu**, click **Goal Seek**.
2. In the **Set cell box** enter cell **J60**. This cell reference will calculate the total projected property tax from the income method.
3. In the **To Value box**, **type the number from cell H37**, the total projected property tax from the cost method.
4. In the by changing cell box enter cell **E40**. This is the **Tax Factor** that is being solved for.
5. Click **OK**, the **Goal Seek functions** will indicate a found solution; click **OK** again to finish the operation.

### **Result:**

The gross revenues at the interconnection meter will be multiplied by the tax factor to derive the actual value of the property, C.R.S., 39-4-102:

$$\begin{array}{|c|} \hline \text{Gross} \\ \text{Taxable} \\ \text{Revenues} \\ \text{realized by} \\ \text{by the taxpayer} \\ \text{by the sale} \\ \text{of energy} \\ \text{at the} \\ \text{Interconnection} \\ \text{Meter} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Tax} \\ \text{Factor*} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Actual} \\ \text{Value} \\ \text{of} \\ \text{the} \\ \text{Property} \\ \hline \end{array}$$

\* Tax Factor is annually established by the Administrator.